

State of South Dakota

SEVENTY-SECOND SESSION
LEGISLATIVE ASSEMBLY, 1997

771A0193

SENATE STATE AFFAIRS COMMITTEE

ENGROSSED NO. **SB124** - 2/4/97

Introduced by: Senators Shoener, Aker, Albers, Benson, Daugaard, Dennert, Drake, Dunn (Jim), Everist, Flowers, Hainje, Halverson, Ham, Hunhoff, Hutmacher, Johnson (William), Kleven, Lange, Lawler, Munson (David), Olson, Reedy, Rounds, Thompson, Valandra, Vitter, and Whiting and Representatives Jorgensen, Apa, Belatti, Brosz, Brown (Richard), Cerny, Cutler, DeMersseman, Derby, Diedrich, Duniphan, Duxbury, Eccarius, Fitzgerald, Hagg, Haley, Jaspers, Johnson (Doug), Madden, Munson (Donald), Pederson (Gordon), Peterson (Bill), Pummel, Richter, Smidt, Van Gerpen, Waltman, Wetz, and Wick

1 FOR AN ACT ENTITLED, An Act to revise the tourism promotion tax and to appropriate the
2 revenue therefrom.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. There is hereby imposed a tax of one percent on the gross receipts from hotels and
5 lodging places; campgrounds; motor vehicle rentals; visitor attractions; recreational equipment
6 rentals; recreational services; spectator events; and visitor-intensive businesses. The tax imposed
7 by this section to the gross receipts of visitor-intensive businesses shall apply to the gross
8 receipts received by such businesses during the months of June, July, August, and September.
9 The tax imposed by this section is in addition to any other tax imposed by chapters 10-45 and
10 10-46. Tangible personal property, services, and admissions are subject to the tax imposed by
11 this Act only if subject to tax by chapters 10-45 and 10-46.

12 Section 2. The revenue from the tax imposed by this Act shall be deposited in the tourism

1 promotion fund created in § 1-42-31.

2 Section 3. The tax imposed by section 1 of this Act on hotels and lodging establishments shall
3 only apply to the gross receipts from the rental of rooms by hotels and lodging establishments.
4 A lodging establishment is any building, structure, property, or premise kept, used, maintained,
5 advertised, or held out to the public to be a place where sleeping accommodations are furnished
6 in two or more rental units to transient guest. The following constitute hotels and lodging
7 establishments: bed and breakfast inns, boarding houses, bungalows cabins, condominiums,
8 cottages, dude ranches, guest houses, guest ranches, hostels, hotels, inns, lodges, motels, lodges,
9 motels, resorts, tourist homes, timeshare rentals, vacation home rentals, and villas.

10 Section 4. The tax imposed by section 1 of this Act on campgrounds shall apply to the gross
11 receipts from the rental of campground space. A campground is any property or premise kept,
12 used, maintained, advertised, or held out to the public to be a place where sites are available for
13 placing of tents, campers, trailers, mobile homes, or other mobile accommodations in two or
14 more rental units to transient guests. Campgrounds include city, county, and state-owned
15 campgrounds, as well as concessionaires or contractors who manage or operate publicly-owned
16 campgrounds. The following constitute campgrounds: campgrounds, camping cabins, camping
17 resorts, commercial picnic grounds, organizational camps, park units, recreational vehicle parks,
18 trailer parks, and youth camps.

19 Section 5. For the purposes of section 1 of this Act, a visitor attraction is any business
20 establishment that offers recreation, entertainment, or interpretation of natural or cultural history.
21 The following constitute visitor attractions: aerial tramways, amusement parks, animal exhibits,
22 animal shows, antique car exhibits, antique exhibits, arboreta, aquariums, batting cages, botanical
23 gardens, bumper boats, bumper cars, bungee jumps, carnival rides, chuck wagon suppers,
24 commercial playgrounds, go-cart raceways, gold mines, golf driving ranges, historic sites, human
25 mazes, hunting preserves, miniature golf courses, museums, music shows, observation towers,

1 outdoor dramas, pitch 'n putt golf courses, playhouses, racetracks, recreational gold mining,
2 reptile exhibits, restorations, scenic railroads, shooting preserves, show caves, ski areas,
3 spectator events, water slides, wave pools, wax figure exhibits, and zoological gardens.

4 The tax imposed by section 1 of this Act applies to the gross receipts from admission to a
5 visitor attraction and from the sale of tangible personal property, services, parking, or
6 transportation. A visitor attraction includes any business which is being conducted on the site of
7 another visitor attraction.

8 Section 6. For the purposes of section 1 of this Act, a recreational service is any business
9 establishment that provides leisure or recreational experiences. The following constitute
10 recreational services: aerial sightseeing tours, amusement rides, bath houses, carriage rides,
11 climbing guides, day camps, fishing guides, fishing ponds, golf driving ranges, hunting guides,
12 outfitters, pack trains, private beaches, river rafting, saddle horse rides, sightseeing guides,
13 sightseeing tours, shooting galleries, shooting ranges, skeet ranges, ski instruction, ski lift tickets,
14 ski trails, spas, trail rides, trap ranges, tour bus excursions, and youth camps.

15 Section 7. For the purposes of section 1 of this Act, recreational equipment rentals include
16 all items rented for twenty-eight days or less whose primary purpose is recreational use. Rental,
17 under such circumstances, of the following constitute recreational equipment rentals: all-terrain
18 vehicles, beach chairs, bicycles, bumper boats, bumper cars, campers, camping trailers, firearms,
19 fishing equipment, flotation devices, go carts, golf clubs, hunting dogs, hunting equipment,
20 mopeds, motor coaches, motorcycles, pack animals, recreational courts and equipment,
21 recreational gold mining equipment, recreational vehicles, recreational water equipment, rock
22 climbing gear, roller blades, saddle horses, skis, snowboards, snowmobiles, snowmobile trailers,
23 snowshoes, watercraft, and watercraft trailers.

24 Section 8. For the purposes of section 1 of this Act, a spectator event is any organized
25 activity meant for entertainment or education and open to the public. The following constitute

1 spectator events: air shows, auto races, auto shows, balloon shows, boat races, car rallies,
2 carnivals, circuses, concerts, dance festivals, draft horse contests, ethnic festivals, exhibitions,
3 expositions, fairs, greyhound races, horse races, horse shows, monster truck shows, motorcycle
4 expositions, motorcycle races, music festivals, rodeos, sporting events, stage performances,
5 threshing bees, tractor pull contests, and water-skiing shows.

6 The tax imposed by section 1 of this Act applies to the gross receipts from admission to a
7 spectator event and from the sale of tangible personal property, services, parking, or
8 transportation at a spectator event. A spectator event includes any business which is conducted
9 on the site of another spectator event.

10 Section 9. For the purposes of section 1 of this Act, a visitor-intensive business is any:
11 antique shop, book store, candy store, flea market, gift shop, indigenous arts and craft shop,
12 jewelry, lapidary shop, leather goods shop, marina, novelty shop, pottery shop, rock shop,
13 souvenir shop, and tee shirt shop if fifty percent or more of annual total receipts are derived from
14 the sale of tangible personal property, during the months of June, July, August, and September.
15 No postsecondary, college, and university book store is, however, included.

16 Section 10. There is exempted from the tax imposed by section 1 of this Act, gross receipts
17 from the rental of rooms or sites at a lodging establishment or campground owned by nonprofit
18 religious, educational, or youth organization if rented to members of such organizations.

19 Section 11. That § 10-45-69 be repealed.

20 ~~—10-45-69. There is hereby imposed a tax of one percent on the gross receipts from hotels,~~
21 ~~rooming houses, camps, and other lodging places (major group 70), passenger car rental~~
22 ~~(industry no. 7514), amusement parks (industry no. 7996), amusement and recreation services,~~
23 ~~not elsewhere classified (industry no. 7999), and marinas (industry no. 4493) as enumerated in~~
24 ~~the Standard Industrial Classification Manual, 1987, as prepared by the Statistical Policy Division~~
25 ~~of the Office of Management and Budget, Office of the President. The tax imposed by this~~

1 ~~section is in addition to any other tax imposed by this chapter.~~

2 ~~—The revenue from the tax imposed by this section shall be deposited in the tourism promotion~~
3 ~~fund created in § 1-42-31.~~

4 Section 12. That § 10-45-91 be amended to read as follows:

5 10-45-91. Notwithstanding the provisions of § 10-45-13, admissions to rodeos and rodeo
6 related activities and events are subject to the tax imposed by §§ 10-45-8 and ~~10-45-69~~ section
7 8 of this Act.

1 **BILL HISTORY**

2 January 24 - First read in Senate and referred to State Affairs. S.J. 158

3 February 3 - Scheduled for hearing.

4 February 3 - Passed as amended, AYES 7, NAYS 0. S.J. 277